

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 RSC-01 FAA-00 L-02 H-01 SS-15

NSC-05 SIL-01 LAB-04 IO-10 TAR-01 TRSE-00 /069 W

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R 291810Z JAN 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6252

INFO AMCONSUL NICE

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 02527

E. O. 11652: N/A

TAGS: EAIR, FR

SUBJECT: CIVAIR:EVENTUAL SUSPENSION OF PANAM SERVICE

REF: PARIS 1415

1. SUMMARY: IN INITIATING PROCEDURE FOR MASS FIRING OF MOST OF ITS EMPLOYEES PANAM HAS TOLD THEM DECISION NECESSARY SINCE SERVICE TO FRANCE "WILL BE" SUSPENDED MARCH 1. NO MENTION MADE OF ROUTE SWAP. MANAGEMENT TELLS US IN CONFIDENCE DATE IS ARBITRARY AND IS SIMPLY GIMMICK TO GET EMPLOYEES OFF PAYROLL SOONER IF ROUTE SWAP IS APPROVED. ACTION REQUESTED: GUIDANCE REQUESTED RE EVENTUAL PROCEDURES FOR NOTIFICATION OF GOF IF ROUTE SWAP APPROVED AND ALSO RE ON-ROUTE CHARTER AUTHORITY FOR PANAM. END SUMMARY.

2. REFTEL REPORTED THAT EFFECTIVE JANUARY 16 PANAM MANAGEMENT IN FRANCE HAD SET IN MOTION FORMAL PROCEDURE AS REQUIRED BY GOF LABOR LAW FOR EVENTUAL RELEASE OF EMPLOYEES IN EVENT ROUTE SWAP APPROVED AND PANAM SCHEDULED SERVICE TO FRANCE SUSPENDED. WE LEARNED SUBSEQUENTLY, HOWEVER, FROM SOURCES WITHIN LOCAL PANAM ORGANIZATION THAT MANAGEMENT HAD ON THAT

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OCCASION FLATLY INFORMED WORK COUNCIL (COMITE

D'ETABISSEMENT) AND THEREAFTER ALL EMPLOYEES THAT SCHEDULED PASSENGER AND CARGO SERVICE "WILL BE" SUSPENDED EFFECTIVE MARCH 1. PRESENTATION TO WORK COUNCIL BY MANAGEMENT HAD STATED THAT AS OF MARCH 1 PARIS AND NICE WILL BECOME OFF-LINE STATIONS FOR SALES AND RESERVATIONS ONLY WITH TOTAL STAFF OF 22 PERSONS INCLUDING 2 EMPLOYEES IN NICE. REMAINING 220 EMPLOYEES OF PRESENT ORGANIZATION WILL BE LAID OFF.

3. AMCONSUL NICE INFORMED US THAT ON JANUARY 16 THEY WERE NOTIFIED BY HEAD OF PANAM'S NICE OFFICE THAT SERVICE TO NICE WILL BE SUSPENDED MARCH 1 IN WHAT WAS "UNILATERAL PULL-OUT OF FRANCE" BY PANAM.

4. MANAGEMENT'S PRESENTATION TO WORK COUNCIL JANUARY 16 MADE NO REFERENCE TO ROUTE SWAP WITH TWA. THRUST OF WHOLE PRESENTATION, AND IT WOULD APPEAR TO HAVE BEEN SO UNDERSTOOD BY MOST PANAM EMPLOYEES HERE, IS THAT PANAM HAS BEEN COMPELLED TO SUSPEND SERVICE AND IS PROCEEDING UNILATERALLY WITH MASSIVE LAY-OFF AS ECONOMY MEASURE IN VIEW OF COMPANY'S PRECARIOUS FINANCIAL SITUATION. PRESENTATION SUMMARILY LISTS REASONS FOR PRESENT SITUATION, DURING WHICH USG IS NOT SPARED FROM CRITICISM (E.G., TURNING DOWN OF SUBSIDY REQUEST, "DISCRIMINATION" TO WHICH PANAM SUBJECTED BY USG AS WELL AS BY FOREIGN GOVERNMENTS WHICH PROTECT THEIR NATIONAL CARRIERS).

5. WE SOUGHT CLARIFICATION FROM MANAGEMENT IN ORDER RESPOND TO ANY QUERIES WE MIGHT RECEIVE FROM FOREIGN MINISTRY OR SGAC. SENIOR PANAM OFFICIAL TOLD US IN CONFIDENCE THAT IN RESPONSE TO JUST SUCH AN URGENT QUERY FROM PARIS AIRPORT AUTHORITY MANAGEMENT HAD INDICATED THAT OF NOW PANAM HAS NO PLANS TO PULL OUT MARCH 1 BUT HAD SIMPLY PUT OUT DATE ARBITRARILY IN ORDER SET IN MOTION CONTINGENCY PREPARATIONS FOR EVENTUAL RELEASE OF PERSONNEL IF NECESSARY.

6. PANAM MANAGING DIRECTOR CORNING, AWARE OF OUR INTEREST, CALLED AT EMBASSY JANUARY 24 UPON HIS RETURN LIMITED OFFICIAL USE

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FROM U.S. HE CONFIDED THAT PANAM WAS NOT, AT LEAST "TO HIS KNOWLEDGE", COMTEMPLATING UNILATERAL SUSPENSION OF ITS SERVICE TO FRANCE. FIRING OF PERSONNEL, FOR WHICH PROCEDURE HAD BEEN SET IN MOTION JANUARY 16, WAS MOTIVATED SOLELY BY ROUTE SWAP PROPOSAL, ON WHICH PANAM EXPECTED CAB DECISION MOMENTARILY AND FURTHER EXPECTED IT WOULD BE FAVORABLE. IN THAT EVENT, HE SAID, PANAM STILL HAD NO IDEA WHAT EFFECTIVE DATE OF SUSPENSION OF

SERVICE MIGHT ACTUALLY BE. HOWEVER, BY TELLING
PERSONNEL SUSPENSION WILL BE EFFECTIVE MARCH 1 AND
NOT CONDITIONING IT ON ROUTE SWAP, PANAM WILL BE IN
A POSITION, IF NECESSARY, TO GET EMPLOYEES OFF THE
PAYROLL SOONER THAN IF INITIATION OF PROCEDURE AS

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REQUIRED BY FRENCH LAW WERE TO AWAIT DATE OF CAB
DECISION ON ROUTE SWAP PROPOSAL. CORNING ASKED
THAT ABOVE INFO BE HELD CLOSELY. (COMMENT: CORNING
IS OBVIOUSLY ANXIOUS THAT EMPLOYEES NOT LEARN THEY
ARE NOT GETTING A SQUARE DEAL, WHICH WOULD ONLY FURTHER
EMBITTER LABOR-MANAGEMENT RELATIONS. HOWEVER, HIS MAJOR
WORRY IS PROBABLY THAT EMPLOYEES WOULD CERTAINLY PROTEST
TO LABOR MINISTRY OF APPARENT VIOLATION OF FRENCH LAWS
DESIGNED TO PROTECT THE WORKER. IN THAT EVENT, WE
THINK IT LIKELY LABOR MINISTRY WOULD WITHHOLD REQUIRED
APPROVAL, THUS DELAYING LAY-OFFS AND EXPOSING PANAM TO
ADDITIONAL COSTS.)

7. WE EXPLAINED TO CORNING THAT MANAGEMENT DECISIONS
WERE OF COURSE PANAM'S OWN BUSINESS; OUR CONCERN WAS

LIMITED TO QUESTION OF WHAT FORMAL OBLIGATIONS OF
CARRIER AND USG MIGHT BE VIS-A-VIS GOF IF CARRIER
WERE AUTHORIZED BY USG TO SUSPEND SCHEDULED SERVICE
TO FRANCE.

8. COMMENT: WE ASSUME THAT PROCEDURALLY, IF AND WHEN
ROUTE SWAP IS APPROVED, (A) EMBASSY WOULD BE INSTRUC-
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TED FORMALLY NOTIFY FOREIGN MINISTRY OF SUSPENSION
(AND CONDITIONS THEREOF) OF SCHEDULED SERVICE TO FRANCE
BY U.S. CARRIER THAT HAD BEEN DESIGNATED BY USG TO
EXPLOIT U.S. ROUTE UNDER CIVAIR BILATERAL, AND (B) PANAM
WOULD SERVE NOTICE ON SGAC OF SUSPENSION ITS CURRENT
TARIFFS AND SCHEDULES AS FILED WITH SGAC. WE ALSO
ASSUME SUSPENSION MEANS PANAM WOULD REMAIN "DESIGNATED"
U.S. CARRIER, RETAINING ON-ROUTE CHARTER AUTHORITY FOR
FRANCE.

9. ACTION REQUESTED: WOULD APPRECIATE CONFIRMATION
ABOVE POINTS FOR OUR GENERAL GUIDANCE.
RUSH

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